

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JANUARY 11, 2006

PRESENT: Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Eddie Edwards, Chief of Enforcement; Steven Slovenski, Legal Counsel; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.; Michael Goclowski, Law Warehouses.

EXCUSED: Chairman Anthony Maiola

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending January 8, 2006 increased by 4.29% or \$221,356 for the weekly comparison, as they did year-to-date by 5.85% or \$13,236,015.

B. Budget/Administrative Reports:

The Administrative bureau is currently working on contract extensions for both Law Warehouse and Griffin, Bodi & Krause, and for Thermal Stor to increase price limitations in order to fix HVAC store systems.

Yesterday Craig provided the Commissioners with a copy of what occurred at a meeting he and Evie had with Liberty Mutual on December 22nd.

There are no Commission items on the Governor and Council meeting agenda for today.

A hearing will take place at 11:00 today on HB1243 regarding certain fines for motor vehicle violations. Chairman Maiola is working on HB1754 concerning canteen privileges. Eddie mentioned that there is another bill which concerns arrests for DWI.

George said he sent an e-mail to the bureau chiefs and the Commissioners regarding travel costs, which have gone over budget in some cases. He is looking closely at the budget at this time of year to determine if transfers may become necessary. He asked that the chiefs look at this closely

within the next couple of weeks, as he needs to determine where there will be shortages and overages in order to make money adjustments. George said the agency is entitled to make one transfer of under \$10,000 which does not require Governor and Council approval. Since he doesn't believe there will be enough funds for Enforcement to meet travel expenses until April, he suggested that this one-time transfer be used for Enforcement travel. George will ask to meet with each bureau chief to discuss these and other expenses.

Commissioner Russell spoke with Mike Vladich from the Governor's Office about the warehouse project, but has heard nothing back yet. She suggested following up on this. Craig said he will speak with John Dolan on the subject this Friday.

The current W-6 Expense Activity Variance Report shows the year to be at about 53% expired, with total agency expenditures at around 51.1%. The five accounts of most concern are travel, benefits, overtime in stores, utilities and Class 50. George will keep the Commission posted on this.

There was brief discussion regarding store inventory and how expenses might be streamlined in order to cut costs without compromising the process. One store will be designated as a pilot in efforts to complete inventory during a one-week period of time.

George spent a majority of his time last week as part of the evaluation team for the new statewide Enterprise Resources Planning System. Three vendors have submitted proposals which are being evaluated.

Several contracts for snow removal and signage are being worked on at this time.

2. IT Report

IT has made several changes to the inventory process to accommodate speeding up some of the process and automating some of the tasks. This has worked fairly well, with only a few glitches occurring which have been resolved.

Regarding communications issues, Howard reported that only one store was not polled within a three day period. However, each day there have been 12 to 20 stores which haven't received their PLUs. There are still no definitive answers to the problem.

Howard, Rick and Leslie Mason from the contract section of OIT are reformulating an RFP for hardware point-of-sale for the stores. This will, hopefully, be completed some time today for release on Friday.

3. Human Resources Report: No report.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 1/8/06 increased by 11.3% or \$405,320.14.

Peter reported that quarterly inventory for the stores is going well. In addition, an inventory sale is currently taking place for all wines not in the top 1200. Changes have been made to reflect this is a “bottle” sale.

Peter will attend a hearing today at 11:00 a.m. regarding a study for welcome centers. He will also attend a meeting this Friday regarding the on-going project between the Lottery and the Commission. The new ticket dispensers will be installed in all of the stores as of tomorrow.

John Bunnell reported that approval has been received to go forward with the lease for N.H. Stores at the Hampton stores. It will now be sent to Long Range Planning and eventually to Governor and Council for their approval.

2. Purchasing Report: No report.

3. Merchandising Report:

- A. SPIRITS:

- 1) Annual Review Spirits Products:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve delistings, three-month warnings and specialty status assignments for all spirit items included in the annual review effective for the rolling, 12-month period ending December 25, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Test Market Products:

- a. Test Market Request (Seagram’s Vodka & Raspberry Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Southern Wine & Spirits of N.E., Inc./Wilson Daniels to renew the test market period on Code #3910, Seagram's Vodka, 1.75L size and Code #3912, Seagram's Raspberry Vodka, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Results (6 spirit codes):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve specialty item status for Code #8140, Voyant Chai Cream Liqueur, 750ML and Code #3710, Iceberg Vodka, 750ML, both of which achieved their respective gross profits required for specialty item consideration at the conclusion of a six-month test market period, and delist the following codes which failed to achieve their respective gross profits required for both full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #1693, Phillips Union Whiskey, 750ML; Code #1695, Phillips Union Vanilla Whiskey, 750ML; Code #1697, Phillips Union Cherry Whiskey, 750ML; and Code #3464, UV Blue Raspberry Vodka, 1.75L. The motion was unanimously adopted.

3) One Time Buy Request (Sazerac Straight Rye):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Sazerac Company, Inc. for the Commission to make a one time purchase of Code #2974, Sazerac Straight Rye 6-Year Old, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Product Demo (Bacardi Island Breeze Rums):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA to conduct in-store product demonstrations of Code #4205, Bacardi Island Breeze Wild Berry, Code #4206, Bacardi Island Breeze Key Lime and Code #4207, Bacardi Breeze Coconut rums, 750ML size, at eight retail stores, beginning January 12 through

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March 26, 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Special Offers for March 2006 (1 unmatched item – Southern Wine & Spirits of N.E.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Southern Wine & Spirits of N.E., Inc., based upon depletions, without matching state funds, for Code #2782, Lauders Scotch, 750ML size, to be featured on sale during March 2006, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Primary Source Submissions (5 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Tabled Items (Valentines Display Request – 1/4/06, Item #B-3): This item was removed from the agenda.

III. ENFORCEMENT & LICENSING REPORT- No report.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated January 5 through January 11, 2006. The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items/Other: None.

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

